

EDUCATION AMENDMENT BILL (NO. 3)

EXPLANATORY NOTE

General Policy Statement

The Government has decided to transfer the delivery of student allowances and loans from the Ministry of Education to the Department of Work and Income. This will allow Work and Income NZ (WINZ) to manage students' financial support in a holistic way as they access different forms of Government assistance.

The Bill will ensure that the efficiencies noted by the Government in transferring the student allowances and loan schemes to WINZ can be achieved and that WINZ has the necessary authority to use the information required for assessing loans entitlement.

The Bill ensures that the same administrative processes that are in place for student allowances administration can be extended to student loans. The amendments contained in the Bill mirror similar amendments made for student allowances which were enacted as part of the Employment Services and Income Support (Integrated Administration) Act 1998.

The Bill aims to do the following:

- Provide for the use of information interchangeably for administering the social security system and the student allowances and loan schemes.
- Provide for the efficient collection and use of enrolment information to enable WINZ to verify student loan entitlements.
- Reduce the potential for fraudulent receipt of loans by ensuring that investigations regarding student loan recipients can be as rigorous as those carried out regarding benefit recipients.
- Minimise the impact on the Crown of fraudulent or overdrawn student loan accounts through enhanced debt recovery powers.

Clause by Clause Analysis

Clause 1 relates to the Short Title and commencement. The Bill comes into force on 1 November 1999.

PART 1

PROVISIONS RELATING TO ENROLMENT INFORMATION

Clause 2 amends section 226A of the principal Act, which relates to information matching of enrolment information held by tertiary institutions. The purpose of

this section is to facilitate the disclosure of information by institutions to the Department of Work and Income, in order to verify the following:

- The entitlement or eligibility of any person to or for any benefit or allowance.
- The amount of any benefit or allowance to which any person is or was entitled or for which any person is or was eligible.

The clause extends the information matching provisions of that section to cover information concerning student loans that is held by tertiary institutions.

Clause 3 amends section 238B of the principal Act, which relates to information matching of enrolment information held by private training establishments and mirrors section 226A. The clause extends the information matching provisions of that section to cover information concerning student loans that is held by private training establishments.

PART 2

PROVISIONS RELATING TO STUDENT ALLOWANCES AND STUDENT LOANS

Clause 4 amends the Part heading to Part XXV of the principal Act by adding the words “AND ADMINISTRATION OF STUDENT LOANS”.

Clause 5 adds to section 302 of the principal Act definitions of the terms “student loan” and “student loan information”. These terms relate to loans under the Student Loan Scheme Act 1992.

Clause 6 amends section 307 of the principal Act, which provides that recipients of student allowances may be required to provide information to the Department of Work and Income. The clause extends the section to cover recipients of student loans.

Clause 7 amends section 307AA (2) of the principal Act, which requires a recipient of a student allowance to notify the Department of Work and Income or the institution concerned, as soon as practicable, of any change in the recipient’s circumstances that materially affects his or her entitlement at any time to a statutory allowance.

Subclause (1) extends that provision to cover recipients of student loans.

Subclause (2) inserts a *new subsection (2A)* which provides that a change in a recipient’s circumstances includes a change in another person’s circumstances that—

- (a) The recipient knows about; and
- (b) That the recipient knows materially affects his or her entitlement to an allowance or student loan, or a particular rate of allowance or a particular amount of a student loan.

Clause 8 amends section 307A of the principal Act, which relates to the use of student allowance information for the purposes of Social Security Act 1964. The clause extends the section to cover student loan information held by the Department of Work and Income.

Clause 9 amends section 307B of the principal Act, which relates to the recovery of student allowance debts. The clause extends the section to cover the recovery of student loan debts.

Hon Roger Sowry

EDUCATION AMENDMENT (NO. 3)

ANALYSIS

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A BILL INTITULED

An Act to amend the Education Act 1989

BE IT ENACTED by the Parliament of New Zealand as follows:

- 5 **1. Short Title and commencement**—(1) This Act may be cited as the Education Amendment Act (No. 3) 1999, and is part of the Education Act 1989* (“the principal Act”).
- (2) This Act comes into force on 1 November 1999.

PART 1

PROVISIONS RELATING TO ENROLMENT INFORMATION

- 10 **2. Disclosure of enrolment information by institutions**—(1) Section 226A(1) of the principal Act is amended by adding the following definition:
- 15 “‘Student loan’ and ‘student loan scheme’ have the same meaning as they have in section 2 of the Student Loan Scheme Act 1992.”

*R.S. Vol. 34, p. 17

Amendments: 1996, No. 98; 1998, Nos. 21, 90, 118

- (2) Section 226A of the principal Act is amended—
- (a) By inserting in subsection (2) (a) and (b), after the word “allowance”, the words “or student loan”:
 - (b) By omitting from subsections (3)(a) and (6)(d) the expression “full-time”: 5
 - (c) By inserting in subsection (3)(b), after the word “allowance”, the words “or student loan”:
 - (d) By adding to subsection (6) (c) the words “, and details of the fees for those courses”.
- (3) Section 226A (6) of the principal Act is amended by adding the following paragraph: 10
- “(h) Details reasonably required by the chief executive for the administration of the student loan scheme.”

3. Disclosure of information by private training establishments—(1) Section 238B (1) of the principal Act is amended by adding the following definition: 15

“‘Student loan’ and ‘student loan scheme’ have the same meaning as they have in section 2 of the Student Loan Scheme Act 1992.”

- (2) Section 238B of the principal Act is amended— 20
- (a) By inserting in subsection (2) (a) and (b), after the word “allowance”, the words “or student loan”:
 - (b) By omitting from subsections (3)(a) and (6)(d) the expression “full-time”:
 - (c) By inserting in subsection (3)(b), after the word “allowance”, the words “or student loan”: 25
 - (d) By adding to subsection (6) (c) the words “, and details of the fees for those courses”.
- (3) Section 238B (6) of the principal Act is amended by adding the following paragraph: 30
- “(h) Details reasonably required by the chief executive for the administration of the student loan scheme.”

PART 2

PROVISIONS RELATING TO STUDENT ALLOWANCES AND STUDENT LOANS 35

4. Part heading amended—The heading to Part XXV of the principal Act is amended by adding the words “AND ADMINISTRATION OF STUDENT LOANS”.

5. Interpretation—Section 302 of the principal Act is amended by adding the following definitions: 40

“ ‘Student loan’ has the same meaning as it has in section 2 of the Student Loan Scheme Act 1992:

5 “ ‘Student loan information’ means information held by the Ministry for the purposes of the administration of the student loan scheme under the Student Loan Scheme Act 1992.”

6. Recipients of allowances or student loans may be required to provide information—(1) Section 307 (1) of the principal Act is amended by adding to the definition of the term “recipient” the words “or a student loan”.

(2) Section 307 of the principal Act is amended—

(a) By inserting in subsections (3) (a) (i) and (c) (i), (4) (a), and (6) (b), after the word “allowance”, the words “or student loan”:

15 (b) By inserting in subsections (3) (a) (ii) and (c) (ii), and (4) (b), after the word “rate”, the words “or any amount of a student loan”.

(3) Section 307 of the principal Act is amended by repealing subsection (5), and substituting the following subsection:

20 “(5) A person (whether or not a recipient) who is asked questions during an investigation under subsection (4) must answer the questions.”

7. Offences concerning allowances and student loans—

(1) Section 307AA (2) of the principal Act is amended—

25 (a) By inserting, after the word “allowance” where it firstly and thirdly appears, the words “or student loan”:

(b) By inserting, after the word “rate” in both places where it appears, the words “or any amount of a student loan”.

(2) Section 307AA of the principal Act is amended by inserting, after subsection (2), the following subsection:

“(2A) For the purposes of subsection (2), a change in the recipient’s circumstances includes a change in another person’s circumstances that—

35 “(a) The recipient knows about; and

“(b) That the recipient knows materially affects his or her entitlement to an allowance or student loan, or a particular rate of allowance or a particular amount of a student loan.”

8. Use of student allowance and student loan information for purposes of Social Security Act 1964—

40 Section 307A of the principal Act is amended—

- (a) By omitting from subsection (2)(a) the words “and beneficiary information”, and substituting the words “, beneficiary information, and student loan information”:
- (b) By inserting in subsection (2)(b), after the words “and beneficiary information”, the words “and student loan information”:
- (c) By inserting in subsection (2)(d), after the word “allowance” in both places where it appears, the words “or student loan”.

9. Recovery of debts—Section 307B of the principal Act is amended—

- (a) By inserting in subsection (1), after the word “rate”, the words “or any amount of a student loan”:
- (b) By inserting in subsection (2)(a), after the word “allowance”, the words “or student loan”.